

The
Management
REVIEW



OCTOBER, 1940

COMMENT • DIGEST • REVIEW

THE AMERICAN MANAGEMENT ASSOCIATION

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IN our "Of All Things!" department this month we delve into the dark subject of ersatz. Ersatz is a word imported from Germany, and a free translation would be "a substitute for the real thing." (The meaning is best appreciated in the case of an item like coffee.)

A checkup on the ersatz movement in America reveals that the lights are burning late in the laboratories these nights. Consumers here clearly will not suffer because submarines are lurking at the mouths of distant harbors. We learn that hundreds of materials which were once considered obtainable only from some natural source can now be manufactured—well, from nothing, like nitrate, which du Pont is producing from the air!

We find that there are dozens of synthetic rubbers, that camphor is being produced from southern pine, and spun glass is being used for silk. The secret of how to hold your breath under water, handed on from father to son among sponge divers, lost its value in a trice when chemists found a way of making artificial sponge whose qualities were equal to or surpassed those of the natural product. Synthetic materials are changing the world, and the movement is getting no small push by the blockade method of warfare. See page 350 (Ersatz in America).

WHEN the Assistant Secretary of War in an interview in Chicago newspapers said: "For God's sake, move inside the mountains—I feel like adding that to every War Department contract," he caused an avalanche of protesting letters to be sent to the War Department. What he meant was that manufacturers should move inside the mountains to escape air-raid hazards. The protests were from chambers of commerce in seacoast towns. His remark was made in March, 1939—before the devastating effect of the modern air raid had been demonstrated. Today manufacturers contemplating new plants are squarely up against the problem. Where, they are asking, is the safest place to erect a new plant? The answer is: "In the broad inland area of America." Where's that? See page 367 (Where New Defense Plants Will Be Built).

THE MANAGEMENT INDEX

General Management

Ersatz in America

ONE of the world's most brilliant research executives, Charles F. Kettering, vice president of General Motors, has made the significant statement:

"Advancing waves of other people's progress sweep over the unchanging man and wash him out."

Many such "advancing waves" reflect the amazing growth in the past two decades—and especially in the past year or two—of synthetic products. Progress of synthetics, in fact, has been so rapid, and in some cases unheralded, that few realize the tremendous encroachment by synthetic products on the natural product.

In the textile field, rayon has been making inroads into cotton and silk. In 1922, 24,700,000 pounds of rayon, or less than 1 per cent of total textile output, was produced. But by 1939, 462,800,000 pounds of rayon, or 10.2 per cent of the total textile output, was turned out. Cotton declined from 85.9 per cent of the total to 80.0 per cent in the years 1922-39, and wool from 12.0 per cent to 8.8 per cent.

An even greater displacement may

be expected from new synthetic fibers, such as nylon, which is expected ultimately to be cheaper than silk and thus take away silk's only remaining important market, women's hosiery. Even as insulation for wires and cables where silk is used, Fiberglas and other synthetic fibers are beginning to take over.

Synthetic rubber development in the past year alone has been spectacular. Ameripol (B. F. Goodrich), Butyl (Standard Oil of New Jersey's new Buna-type rubber), Thiokol (Dow Chemical), neoprene (and various other du Pont "prenes") and several other artificial rubbers only recently have sprung into being. Artificial rubber production already is running at the rate of about 4,000,000 pounds a year (equal to about 4 per cent of total domestic consumption of crude rubber) and is expected to bound forward to at least 15,000,000 pounds within the next year.

Camphor, once obtainable only from the Island of Formosa, is being produced from southern pine, and already we are close to self-sufficiency on this

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product. Wood alcohol, originally produced in the United States entirely as a by-product of wood charcoal, is being manufactured synthetically at the rate of 33,000,000 gallons annually, compared with about 5,000,000 gallons of the natural product.

The sponge industry, once dependent on deep-sea fishing and diving for "spongin" skeletons, has been almost completely taken over by the chemically-originated artificial sponge with cotton and wood cellulose as a base.

Only little more than two decades ago, the world depended on natural nitrate deposits of a small, arid section of Chile for the bulk of its supply of usable nitrogen. Since then, under the leadership of du Pont's experimentation, nitrogen is being tapped from its inexhaustible stores in the air, practically eliminating the natural product and, in fact, bringing the price per ton to the consumer to less than half the prevailing price for Chilean nitrates when du Pont built its Belleville plant.

Among other natural products which have succumbed or are rapidly yielding to the synthetic product are brushes, indigo, musk, vanilla, shellac, ivory, hard rubber and amber.

The war, of course, will give a big push to synthetics, particularly among substitutes for the critical materials. Thanks to strides of the past decade, our situation differs broadly from that of the World War. In fact, owing either to progress of synthetics or other accessibility, there is little worry over the numerous "critical" imported war materials, among which are aluminum, asbestos, cork, graphite, hides, iodine,

kapok, mica, opium, optical glass, phenol, platinum, tanning materials, toluol, vanadium and wool. Cork and optical glass present the chief worries at the moment, but intensive glass research in this country is likely to correct speedily the deficiency, while research for a cork substitute is bearing fruit in several instances.

Tin—still considered a fundamental for food cans, bearings, solders and gun metals—has felt the heavy hand of competitive displacement in new alloy steels and light metals. In fact, the familiar tin can may pass on into the relic pile as the can companies advance their new process of making cans of black steel plate, protected by lacquer.

Quinine, which like rubber is mainly a Dutch East Indies import, likewise is under competitive fire; atobrin and plasmoguin—efficient substitutes—are the synthetic offerings, being turned out on an increasingly large scale.

New developments with great possibilities are constantly breaking. For example, the limitations of natural soap were taken under analysis recently by chemists, and out of the laboratory has come a new kind of soap similar to ordinary soap in cleansing properties but superior to the natural product. It works just as well in hard water as in soft water, and is non-injurious to the most delicate fabric or tender skin.

Perfumes probably are facing a basic renaissance because of synthetics. It is noteworthy, for example, that the true scent of lilac or lily-of-the-valley was not to be had until the chemist

synthesized these elusive and delicate odors. The Palol perfume stick, manufactured of solid chemicals, is reported to have all the delicacy and scent of natural perfume (if not more), with longer retentive powers.

Glass, with brittle characteristics eliminated through research, fights off the challenge of other materials and in fact goes a step further with a new textile-like fiber for awnings, insulation, clothes, drapes; paper container fights bottle, and the paper industry takes a shot at textiles with its paper towels, napkins, etc.; cellophane and other materials carve a large niche in the container and wrapping industry; the widely used Manila fiber feels com-

petitive pressure from tough, new synthetic fibers; fluorescent lighting hungrily eyes the market for incandescent lamps, which are one of the big reasons for our heavy imports of tungsten.

As far as synthetics are concerned, however, their era is only beginning. While chemists continue to reshape the 92 basic elements to suit man's wishes, dynamic and far-reaching discoveries may suddenly startle the complacent. Thus will the merciless stone of competition grind on in an age where alertness and foresight will pay huge premiums. BY PETER B. B. ANDREWS. *Sales Management*, September 15, 1940, p. 18:3.

Toward Self-Sufficiency

IN prospect for this country is a forced shift in raw-materials sources which will be far swifter and broader than if nature were allowed to take its course. Developments: Hat corporation will make men's hats with a 10 per cent mixture of wool-like synthetics obtained from milk, replacing European rabbit and coney furs. National Research Council reports progress toward a synthetic substitute for Java's quinine. American Cyanamid reveals that two important industrial chemicals formerly imported are now U. S.-made. President William O'Neil of General Tire & Rubber proposes that guayule, a Southwestern milkweed, be cultivated as a cheaper replacement for East Indian rubber than synthetics. Plans for building tin smelters in the U. S. may hit the headlines any day. Standard Oil of New Jersey announces that synthetic toluol (for TNT) can now be made from petroleum. The RFC is newly authorized to lend \$10,000,000 for developing domestic pockets of manganese and other imported minerals, and is reported to be thinking over a loan for a synthetic-rubber plant.

—*Forbes* 10/1/40

Where to Find Presidents

OF 50 presidents of representative companies, seven began as clerks, three as lawyers, seven as salesmen, five as office boys, five as newspaper men, two as stenographers, two as bookkeepers, two as engineers, two as draftsmen. There were also included two who began teaching school, and nine in miscellaneous jobs such as newsboys, telegraph operators, chemists, machinists' helpers, rodmen. Out of the entire 50, only two began in jobs which could by the longest stretch of imagination be classed as executive positions, unless we also include the lawyers and engineers.

—*American Business* 9/40

Gearing a Business for National Defense

MOST companies have general plans covering the types of machinery or materials they can produce for national defense. A good many have benefited through industrial mobilization surveys; others have made contacts with defense authorities in Washington. But what should the patriotic manufacturer do while waiting for actual orders?

This article outlines a few major problems that should be dealt with now if the individual business is to be made ready for defense production several months hence. Almost universally it has been found that one month of careful preparation prior to actual starting of production saves months of hectic and inefficient activity afterward.

The defense program for the individual concern will receive only desultory attention unless definite assignments are made. Any company which is now equipped, or can equip itself, to turn out defense materials needs immediately to appoint one executive to devote a definite part of his time to planning the defense program; in the larger concern, this will be a full-time job.

This individual should probably be a manufacturing executive but not the chief manufacturing executive. He should be a good organizer, have the confidence of the executive group, and possess resourcefulness and ability to get things done. Although his functions will be of a staff character, he

should occupy a position of sufficient authority to facilitate his obtaining the cooperation of all departments.

Next, a defense committee should be appointed, consisting preferably of the president, the defense assistant, the chief manufacturing executive, the executive or supervisor in charge of production planning, and the controller or other officer with similar responsibilities. The defense committee should meet regularly at frequent intervals to pass upon the plans being developed by the defense assistant. As the interests of other departments are affected, the executive in charge should sit in with the committee.

Much has been written about bottlenecks formed by scarcities of skilled workers. Of equal seriousness is the lack in many companies of skilled production supervisors, trained foremen, experienced assistant plant superintendents, and others.

Adequate preparation demands an immediate survey of supervisors of operating activities. Such a survey should include:

- (1) Determination of those with military status, such as reserve officers and national guard members; citizenship and marital status and physical qualifications affecting status under conscription; and the like.

- (2) Rating of all present and potential supervisors on the basis of their ability to fill more important positions. The rating scale should provide for appraisal, not only of technical

competence, but of executive and leadership qualifications.

(3) Determination of aliens and those with foreign loyalties.

One large company which made a survey of supervisors recently found that many key positions are held by reserve officers who might be called on for military training of others. Steps are being taken to provide competent understudies for them. As a result of this survey, there is not only an understudy for every position but also a trainee or sub-understudy. Many companies have made special efforts to train understudies, including formal training as well as training on the job.

Procurement planning is closely allied with production planning. One large supplier of war materials treats purchasing as a function of planning, with the purchasing director reporting to the planning manager. The production control superintendent also reports to the planning manager, who is a subordinate of the chief manufacturing executive. This organization plan is established on the thesis that parts must be produced on time, either by the company itself or by a subcontractor.

Experience of successful war machinery manufacturers demonstrates the advisability of a broader conception of subcontracting as a means for speeding up production. The primary contractor with the government may well regard itself as the assembler of major units. Each major unit may be subcontracted, with those subcontractors becoming "primary" with respect

to certain individual parts which are in turn subcontracted to others. Thus the true primary contractor becomes essentially a planner, scheduler and assembler.

One or more individuals should be assigned now to establishing contacts with potential subcontractors, inspecting their plants and making preliminary arrangements. Successful producers of war machinery are providing for at least two subcontractors. From a safety standpoint they should be at different points to guard against labor troubles and enemy attack.

The purchasing department should be ready to provide personnel to follow suppliers. Such individuals must be able to do more than berate defaulting subcontractors—they must help get out the production. To avoid shipment of defective parts, it may be necessary to select and train new inspectors so that the procurement department can station them in the plants of subcontractors.

To insure proper flow of parts, it may be necessary for the primary contractor to station production-control men in the plants of important subcontractors. After the flow of production has been established satisfactorily, they may be withdrawn.

The manufacturer preparing for defense production should start now to train staff specialists to cope with problems of dealing with the government. Someone should be assigned to learning government contract procedure. Another individual in the controller's or treasurer's department should be assigned to learning the

accounting aspects of government contracts. Among top management itself, lines of authority should be clear, any overlapping of duties should be eliminated, and every major executive should be provided with a competent understudy.

These steps in gearing a business for

defense are admittedly not the most glamorous. However, the company that gives them adequate attention will be better prepared for the one war which is a certainty—the great Economic War of the Forties. BY MARVIN BOWER. *Harvard Business Review*, Autumn, 1940, p. 66:6.

Passing of the Mule Team

IN a few years striking advances have been made in the use of farm machinery, and it is estimated that 350,000 to 500,000 farm workers will be displaced in the next decade.

Between 1915 and 1939, motor equipment displaced nearly 10 million horses and mules on farms. This reduction of work stock released, either for direct sale or for the feeding of other livestock, the products of some 30 million acres of cropland and 15 million acres of pasture. A continuation of the downward trend in horse numbers must be expected.

A recent study estimated one tractor had taken the place of two and one-half horses. Approximately 1,626,000 tractors were in use in the United States in 1939—almost double the number reported in 1930.

The combined harvester-thresher is the most important development in harvesting equipment. Less than 5 per cent of the wheat crop was harvested with combines in 1920, but approximately 50 per cent of the crop was "combined" in 1938.

With the machinery and power in common use in the central winter wheat areas about the year 1900, the approximate time to prepare land, seed, harvest with a binder, shock, thresh, and haul wheat to the granary was 8.8 hours per acre. With the use of a tractor, tractor equipment, and a 12-foot combine, the time for comparable work was reduced to 3.3 hours. The time required for corn production in the Corn Belt was reduced from 15.1 hours to 6.9 hours an acre.

—*The Agricultural Situation 9/40*

Public Relations Stunt

CIRCULATION of its payroll through the community was recently traced by the Russell Manufacturing Company, of Middleton, Connecticut, through its "Silver Dollar Pay Day."

Some \$35,000 in silver dollars were paid to the employees in a single day. Reports received later from merchants, banks and others showed that the employees in the course of their normal purchasing and saving spent 69.8 per cent of the "cartwheels" in stores, put 14.2 per cent in the savings bank, paid 4.6 per cent to local utilities, and 1.4 per cent to local theatres. The remaining 10 per cent went for miscellaneous and unreported items.

—*New England News Letter 9/40*

How to Get Government Business

DEFENSE spells vast new markets for American business. Even before the present rearmament program got under way, Uncle Sam was industry's best customer, and under the powerful impact of preparedness the War and Navy Departments will cut deeply into the entire United States industrial production.

The first step toward getting government business is to establish contact with local procurement offices. Writing to Washington, except in the case of extremely big items (and then only if there is a bottleneck or shortage with respect to production of these items), will rarely get you anything more than a courteous referral to the local procurement office. By writing to procurement offices interested in items which you can produce, you can receive invitations to bid.

The outlook is for an increasingly large amount of defense business to be let on the negotiated contract basis without competitive bidding. Manufacturers whose firms have been surveyed and whose facilities have been allocated to production of a specific item will be called in for round-table informal competition.

If your plant has not been surveyed, you can have this done by contacting the nearest Army Local Procurement Office. In the meantime you can get on the list for purposes of competing for negotiated contracts by writing to the Chief of the Supply Branch and

stating just what you would like to make for the government.

All normal purchases of the War Department, Navy Department, and Treasury Procurement Office will be made after advertising for bids. Where immediate delivery or performance is required, open market purchasing or contracting may be resorted to. Recent legislation gave the Army and Navy power to negotiate contracts without the delay and red tape involved in asking for bids.

The matter of advertising is not uniformly standardized. Purchasing officers prepare circulars, proposals and invitations to bid. These papers list the items to be purchased, list applicable specifications, state delivery points and dates, and furnish all the information necessary for a prospective bidder to calculate his cost and to submit a bid. Advertising may be accomplished by sending to a reasonable number of contractors a copy of specifications together with invitations to bid. Advertising may also be done by posting in public places or inserting in newspaper advertisements notice of the government's intention to receive bids. If the contractor has requested the various procurement offices to advise him of any contemplated purchases or contracts, he will be notified.

The lowest bid is not necessarily the one most advantageous to the government, and there is no statute requiring its acceptance. The law compels ac-

ceptance of the lowest and best; if there is sufficient ground for believing that the low bidder lacks technical experience, plant equipment, or financial stability, or if in the past he has failed to pay the claims of contractors, material-men or laborers, his bid may be rejected.

On the other hand, it has been held that mere lack of experience of the lowest bidder, or the fact that the bid specifies an unknown make of instrument, does not justify rejection. Likewise, a single experience by the government of previous unsatisfactory service is not alone sufficient grounds for acceptance of a higher bid.

Under the new policy of accepting split bids, invitations for bids will advise bidders of the maximum and minimum quantities which may be awarded to any one bidder. No award will be made to any one bidder for a quantity in excess of the stated maximum, or for less than the stated minimum.

Hereafter bids on defense may be invited on an f.o.b. factory basis. This policy will tend to eliminate transportation costs as a factor in bidding on government contracts, and will allow plants far removed from government depots to compete successfully with plants located near the depots.

Looming as large as, if not larger than, direct government business is the opportunity to sell materials and supplies to direct government contractors and to take subcontracts on large government contracts. One way to find out about these opportunities is through the large surety companies, who will be glad to mail you regularly a list of companies awarded contracts. In return, they expect your bonding and casualty business. Your insurance broker can arrange to get your name on these mailing lists. The surety company will ask you for a list of the commodities you sell or products you make, so that you get the right list.

Other sources of information on subcontracting opportunities include the daily bulletins of contract awards issued by the Public Relations Branch of the War Department, the daily bulletins of the Navy Department, intermittent bulletins of the National Defense Advisory Commission, and the weekly bulletins of the Division of Public Contracts, Department of Labor. The *U. S. Government Advertiser*, a weekly publication costing \$12 a year, furnishes information about prime contracts.

From "National Defense," Research Institute of America, New York, September 14, 1940.

► POPULAR misconception is that most of the firms on the allocated list for wartime production are large firms. A breakdown of the approximately 10,000 allocated firms proves otherwise. Approximately half of the firms allocated have less than 100 employees. Of these, about 70 per cent have less than 50 employees and about 30 per cent between 51 and 100.

—Research Institute of America

Office Management

Office Economies at TVA

OFFICE ideas developed for use within the far-flung Tennessee Valley Authority organization have resulted in a saving of thousands of dollars and attracted the interest of business executives throughout the nation.

For instance, several hundred typewriters are in use. A cleaning chart has been issued, which details what to do daily in about 10 minutes and what to do weekly in 25 minutes.

Inspections of typewriters are made every three months. An inspector fills in a form which shows the grades made by the operator on the present inspection and on a prior inspection. The policy of grading stimulates the operators to take better care of their machines. This results in a reduction of maintenance costs and an improvement in the operation of the machine. Minor adjustments are made by the inspector without transferring the machine to the repair shop.

A simple device was designed to overcome difficulties in oiling desk and file drawers. A piece of $\frac{3}{4}$ " galvanized pipe was threaded at each end. A wick was made of cheesecloth inserted in one end of a coupling. This coupling was screwed on one end of the pipe. The pipe was then filled from the opposite end with heavy oil and a pipe cap was screwed on. The wick of this oiler fits the channels snugly. With a single stroke the proper amount

of oil is evenly distributed on the top, bottom and side of the channels. With the device a desk can be properly oiled in about one-fifth the time required with the oil can, and the difficulties formerly encountered are overcome.

A new procedure for cleaning and filing stencils was developed. Formerly most stencils were blotted with newspapers and then washed with kerosene applied with a brush. Now all stencils when removed from the duplicating machine are blotted with waste duplicating paper and allowed to remain in the absorbent sheets for a day. The paper is then removed and the stencils are ready for filing. After cleaning, the stencils are placed in file wrappers. If more than one stencil is used on a job, they are placed in one wrapper and separated by means of the stencil backing sheets originally torn from the stencils preparatory to running. Since these backing sheets contain oil, the stencils are kept soft and pliable.

Rest periods for office employees were adopted after a study of production. It was found that although the length of the working day was reduced, the daily volume of material handled increased. A statistical study revealed a reduction in errors.

When office equipment is purchased by the Authority, it is placed in an office rental pool. From this pool it is charged out on a monthly rental

basis to departments using the equipment. Since all office machines and furniture purchased by the Authority are standardized—selection being made on the basis of size, finish, strength, design and capacity—a similar piece of equipment is used in all offices to perform similar work. Because the equipment needs of any office are in a constant state of change, and because standardization permits the transfer of equipment from office to office to meet these varying requirements, the equipment investment may be maintained at a minimum. In addition, the departments may keep their monthly rental costs at a minimum by releasing to the office property pool for transfer all office equipment not in use.

A catalog of office equipment was prepared and distributed to the area and departmental property clerks. This catalog listed the standard equipment

of the Authority, the approximate cost price and rental charges, and explained the capacities and limitations of each of the various types of office equipment. Its primary purpose was to enable the department requesting equipment to determine what type would most satisfactorily fill its needs; in addition it pointed out numerous methods of effecting economy. Other equipment procedures included: asking each department property clerk to give a quarterly report containing an estimate of office equipment needs for three months, and a listing of any surplus equipment that might be released to stock; giving a demonstration of standard office equipment; and using bulletins and posters to show the expense of paying rental on unused or poorly selected equipment. By WARNER OGDEN. *The Office*, October, 1940, p. 13:3.

Educating Employees in Office Maintenance

AUTHORITATIVE figures showing the average investment in office furnishings per individual worker appear to be lacking. This investment, of course, varies considerably in different companies and with different types of work. However, it would seem conservative to estimate it at not less than \$400 per employee.

The office worker should be made to realize his responsibility for the conservation of this investment and should be educated in the proper care and use of the equipment entrusted to

him. The great majority of companies, it would seem, have done little or nothing in this field. Certainly, this calls for some remedial action.

What methods have proved most effective in training or educating office workers along these lines? A variety of practices are in use. They may be summarized under four general groups as follows:

1. Special training programs
2. Issue of standard rules or procedures
3. Educational campaigns

4. Personal supervision or inspection.

Special instruction in the proper maintenance of office machines is included frequently as part of the training in the use of such machines. These instructions may be given in formal training classes, such as those conducted for stenographers, typists, calculating-machine operators, etc., or may be given individually to the employee at the time of employment or reassignment. Where this method is used, there may be a question as to whether the instruction should be given by the regular training supervisor or by the maintenance specialist for the particular machine involved.

Some office equipment manufacturers have provided excellent literature describing their equipment and its proper use and care, frequently supplemented with diagrams, oiling charts, etc. This material can be used quite effectively for training purposes.

The issue of standard rules and procedures embraces both employee rule books or handbooks and the so-called standard practice manuals. Office manuals of the rule-book type have been used as a medium for disseminating instructions on the care of machines, particularly typewriters, for some time.

It is interesting to note that the available instruction manuals and bulletins on the care of equipment seem to be concerned exclusively with mechanical office appliances. There would appear to be need for similar material on the care of such items as desks, chairs, cabinets, rugs, etc.

Campaigns of different kinds designed to make employees waste-conscious and expense-conscious are not infrequent. Sometimes these are in the nature of special drives for a short period only. Some companies, however, carry on programs of this type as a more or less continuous activity.

The mediums used include (a) articles in the employee magazines; (b) posters or bulletin board notices; (c) waste-reduction contests—both individual and interdepartmental; (d) employee meetings; and (e) use of special reminders, such as tags or notices, on or near the equipment. Special slogans or catch phrases have been used effectively.

As is the case with most other phases of office operation, proper care of office machines and equipment in the final analysis is largely a matter of supervision. Instructions, regulations, warnings, etc., may have little or no effect unless there is some provision for checking on individual and departmental conformance. In many cases this is covered by systematic inspection of the equipment. These inspections or check-ups may be made by (a) the immediate superior or departmental supervisor, (b) a special inspection or audit group, or (c) the regular maintenance or repair personnel. In the Central Transcription Bureau of the Metropolitan Life Insurance Company, for example, team heads are required to personally inspect every machine each day and are constantly circulating around their groups to correct faulty handling of the equipment.

Some companies have found it de-

sirable to secure an individual report from the maintenance or repair personnel on each machine serviced as a means of locating instances of abuse in the handling of the equipment.

One additional method employed is the designation of departmental monitors with specific responsibility, among

others, for checking on the proper care of office equipment. In some companies, janitors and cleaning personnel are given special instructions to survey each department after closing hours and cover all uncovered machines. By E. H. CONARROE. *N.O.M.A. Proceedings: 1940*, p. 74:3.

Be Prepared for Office Fires

IS there a fire brigade in your office? If not, give a little thought to what may happen if someone were to start a good-sized blaze by flicking a lighted match into a wastebasket or dropping a lighted cigarette into an open file-cabinet drawer.

No untrained group of people can be depended upon to do the right thing in an emergency. It costs little to supplement all other forms of fire protection with an office fire brigade composed of clerks who are trained and equipped to extinguish small fires as soon as they break out.

In large establishments, where there is a plant fire-protection organization, the office fire brigade forms a part of it, but in small businesses, branch offices, etc., the chief clerk or office manager is ordinarily the "Chief" of the office fire brigade. He perfects his organization by taking the following steps:

1. *Selecting brigade members.* In small offices, every employee may be a member of the brigade, but in large ones some selection is generally desirable. There should be brigade members in every room, the number depending on the size of the room.

2. *The fire-fighting equipment.* Hand fire extinguishers are the weapons used by the office fire-fighters. The extinguishers should be mounted on walls, preferably near doorways, and a sufficient number should be installed so that they are handy to any point in the area to be protected. When the fire hazards are severe, as they are in certain packing and shipping rooms, a number of extinguishers is required. In all cases, fire extinguishers bearing the inspection label of the Underwriters' Laboratories should be given preference.

3. *Training the brigade.* The fire brigade members should be trained to do the following things in an orderly manner as soon as a fire breaks out: fight the fire, turn in a city alarm, and lead all employees not on fire duty to a place of safety. This training is effected by holding fire drills every month or two.

4. *Other duties of the fire chief.* Besides training the fire brigade, the office fire chief should be responsible for seeing that the fire-fighting equipment is properly maintained in accordance with the manufacturers' instructions, and should also be in charge of the firm's fire-prevention program.

—The Office 10/40

OF 487 COMPANIES covered in a recent Conference Board survey, 125, or more than one-fourth, permit male salaried employees to smoke without restriction during office hours. Approximately 30% permit men to smoke only where there are no fire restrictions, 16% confine the smoking privilege to those above a certain rank, 8% restrict it to private offices, and 14% specifically forbid smoking. Female salaried employees are less privileged: approximately 21% are forbidden to smoke during working hours, 71% are allowed to smoke only during rest periods, and less than 4% enjoy the privilege of unrestricted smoking.

Which Personnel Will Be Deferred?

HOW will conscription hit your business? Specifically, what workers in the draft age brackets will be able to claim deferment?

In addition to the deferments which will be granted because of dependency, physical defects, alienage, etc., occupational deferments will be granted to those men in industrial, agricultural or other occupations or lines of endeavor which are in the "national interest" or are necessary to the "maintenance of the national health or safety." There will be no blanket deferment for all employees in any industry, regardless of the importance of the industry. Where the claim for deferment is based upon the work performed by the claimant, the deferment is to be on a personal examination of each individual and not by occupational groups.

A few groups will be considered as not being in the national interest—e.g., the clearly marginal activities that are either illegal or semi-legal, like gambling, manufacture of gambling devices, and perhaps some of the more frivolous amusements, etc. Most amusements, however, will probably be considered vital to the national morale under this clause. The local boards' only problem in this respect will be to determine how long it will take the particular employer to replace the individual under consideration without

undue hardship. The following rules can definitely be given:

(1) Every deferment will be made on the facts of the individual case, rather than by occupation or group skill.

(2) Men skilled but not in vital work or training will not qualify for deferment.

In order to determine whether or not an employee is necessary to a business enterprise, and therefore eligible for deferment, the following questions will be asked:

(1) Is he engaged in an industry, occupation, agricultural enterprise or other endeavor which is "necessary to the maintenance of the national health, safety or interest," and is he competent and qualified in his capacity?

(2) Would his removal result in direct and substantial loss and be detrimental to the effectiveness of the enterprise?

(3) Is the available supply of men competent in his capacity so small that he could not be replaced without direct, material loss and detriment to the enterprise?

If the answer is "Yes" to these questions, there is a great probability that the employee will be deferred even though the employing firm is not engaged on national defense orders.

Almost the entire group of unskilled employees in all industries and those

possessing little skill will find deferment difficult, if not impossible. This group includes, for example, clerks, untrained office workers, unskilled laborers, messengers, doormen, waiters, bellboys, cab drivers, shipping and wrapping boys. No deferment will be allowed where the little skill required for the job is capable of being transmitted to others, particularly when there is an adequate supply of older men and women.

The probability is that the Selective Service Administration will publish a list of trades in which men are scarce in order that those who are employed in these trades may be given special consideration by the local boards when claims for deferment are made. In addition to the irreplaceable workers in such trades, highly specialized experts, or a manager or assistant manager of all or a substantial part of the business enterprise, will almost certainly be deferred. Obviously, therefore, the sole manager or directing head of a business which contributes to the nation's economic good will be deferred.

It might be well to remember that exceptions from service during the last war ranged from 71 per cent of the claimants in the iron and steel industries to 14.8 per cent in trade and merchandise; and substantial proportions of exemptions were granted in such industries as textiles, leather, food, forestry, building, etc. Also bear in mind that *no more than one out of every 16* men between the ages of 21-36 will be drafted even by the end of one year, when it is hoped by the Army that 900,000 men will be in training camps.

Deferments will probably be effective for six months. Renewal beyond the six-month period will require proof that another man—or even a woman—could not reasonably have been secured to replace the particular worker. If the local board is not satisfied with the evidence, the deferment will be ended. Otherwise it will probably be renewed for another period. From "National Defense," Research Institute of America, New York, September 14, 1940.

A Case History in Foreman Training

DURING the first half of 1937, the John B. Stetson Company, of Philadelphia, inaugurated a foreman training program which has become known as one of the most realistic and successful in the country.

The program was evolved expressly to (1) develop and put into effect a

practical labor relations policy; (2) establish improved industrial relations; (3) strengthen the enterprise principle; and (4) integrate collective bargaining with sound economic operation.

It will perhaps be helpful to enumerate certain of the company's

training techniques and some findings which have resulted from the program:

1. The foreman's position in management must be decided upon and recognized. He must receive the maximum management support and cooperation.

2. Horizontal grouping was found to be the most effective arrangement for foremen's conferences. That is, men of like rank and responsibility, regardless of department, seem to make more valuable group contributions than men from the same department regardless of rank. The one important exception to the foregoing is the office supervisory group, whose problems are so different that the departmental distinction is controlling.

There are eight groups embracing approximately 150 supervisors—one for factory executives, one for office executives, one for foreladies (although there are some women in other groups), and the balance for factory groups of various levels and interests. Some of the conference members belong to the union, and for some subjects the union local is asked to designate a special union group with whom matters of common interest to the union and supervisors can be discussed. The subject matter taken up with all groups is identical in substance and presentation.

3. Particular company problems and situations, dealt with by a senior company executive, are discussed at foreman training conferences. The success of these conferences seems to

vary directly with the amount of preparative effort. As to conference leaders, there is no substitute for an authoritative representative of top management where the discussion of important management problems is concerned. For material aids, a blackboard, some fancy chalk, and a good supply of white chalk are nearly indispensable. Good reference works are also desirable.

4. The meetings are considered company business and are held on company time. A good conference is bound to run over an hour, but should not exceed 1½ hours at the outside. The average is one conference per month from September to June.

Two-way communication in foremen's conferences is essential, but it is advisable for management to tell its story before trying to get the foremen's reactions. The following topics are covered from management's viewpoint once a year or oftener: (a) review of the financial aspects of the business; (b) review of the labor situation—an attempt is made to keep supervisors better informed from management sources than from any other source; (c) costs and budgeting; (d) personnel policies. Other management topics used for conference material include: practical psychology, wage incentives, sales trends, safety, organization.

After management's story has been convincingly told, supervisory response is sought in two directions—in articulate foreman expression and in tangible operating improvements. Foreman

response is found to vary according to grade, the higher levels being more articulate.

Some operating improvements produced by the program follow: (1) The company's industrial relations policies have been set forth in a booklet prepared by the foremen themselves in cooperation with the union. (2) The company's group life insurance plan was switched from a non-contributory to contributory basis by recommendation of the conference groups.

(3) As a result of points raised by the foremen, the company has undertaken development of merit rating as a first step in wage and salary administration, and the plan is being formulated by the foremen themselves. (4) The foremen have formed a social organization in which they find a community of interest. This club was a by-product of the closer relationships developed among supervisors by the conference plan. BY DALE PURVES. *Philadelphia*, October, 1940, p. 12:3.

Incentive for Typists

IN January, 1939, Carrier Corporation, after much discussion and a number of tests and checkups, organized a centralized correspondence department and adopted the dictating-machine system of handling correspondence. With a bonus plan to increase the earnings of rapid operators, the company has found it possible to cut correspondence costs substantially and to speed all kinds of typed production in its offices.

A base salary of \$80 per month has been established, calling for a quota of 5,675 lines per week—this is equivalent to 1,135 lines per day, 142 lines per hour. Production is measured by cyclometers installed on the typewriters. At first the girls were convinced that it was humanly impossible to produce 1,135 lines daily. However, this was easily overcome by the employment of an experienced operator who breezed along to the tune of 1,500 and 1,600 lines per day. (Incidentally, this operator is a hunt-and-punch artist—she uses two fingers and spaces with one thumb.) With this new girl acting as a spark plug, the other girls soon fell into step and joined her in the ranks of high production. Realizing the value of this high-speed, accurate production, the company offers a bonus of $\frac{1}{2}$ cent per line over the base rate.

Prior to the inauguration of the present system, the company's cost per thousand lines was \$10.45; with the revised setup, this cost has been reduced to \$5.00.

—*American Business* 9/40

Bonus for Late Shift

AN interesting incentive plan for attracting longer-service employees to late shifts has been worked out by the Warner & Swasey Company, of Cleveland, Ohio. This plan calls for added compensation for late shifts on a graduated basis according to length of service, starting at 5 per cent for those with less than $3\frac{1}{2}$ years' service, and reaching a maximum of 10 per cent for those with eight years or more of service. In no case can the extra compensation be less than 5 cents per hour, and it is paid as a separate bonus each month.

—*The Conference Board Management Record* 10/40

Production Management

Yankee Training Plan Gets Results

HOW can thousands of workers be trained rapidly to a sufficient level of skill to meet the requirements of the national defense program? The Connecticut job-training plan, started last fall by Governor Baldwin in cooperation with manufacturers, points the way to the solution of this great industrial problem. Under this simple method of training, more than 4,000 men have been graduated directly into skilled trades at an average cost of only \$17. While these men do not represent highly skilled help, they contribute indirectly to the supply of such labor by relieving pressure at the bottom.

The Connecticut plan was begun primarily to relieve unemployment. It was designed to ascertain what jobs might be available for beginners in various communities and then within a brief period to train men to the point where they would be acceptable as beginners. The first step was a survey to determine the number of employables in each community. Another survey followed to determine the employment needs and possibilities of each locality; this survey was undertaken by a local committee comprised of citizens from all types of business. In some communities, sub-committees were appointed to assist the local committee. One type of sub-committee was organized to make a further analysis of aptitude; another,

to analyze the needs of local industry, and to dovetail the requirements of industry, agriculture and general business. Originally, the plan was to train men to operate machines known to be in general use in the community in which they were being taught. However, the needs of the national defense program have since made it desirable in many cases to train men specifically for certain jobs in certain plants.

Training activities are being conducted at various trade schools, industrial high schools, and in some cases in manufacturing plants. Many instructors and much machinery have been donated by manufacturing companies.

The first job-training class was provided with facilities at the state trade school in Hartford, and, to avoid interference with the school's regular day and evening classes, was scheduled from 11 o'clock at night to 7 o'clock in the morning. This class received instruction as a group, with all entering training and finishing at the same time. This method, however, did not prove altogether satisfactory; it presented difficulties in the instruction of so many absolutely green men and in the placement of all graduates at one time. A stagger system has since been employed, admitting a smaller number of students weekly and graduating some each week.

The course, set at 200 hours, called

for eight hours a night, 40 hours a week. This schedule and the curriculum adopted proved so successful that all the other job-training schools since established in the state for machine-shop training have been patterned after them. The weekly schedule comprises 36 hours of shop instruction and four hours of related classwork. The related class subjects are: (1) reading scale; (2) reading calipers, inside and outside; (3) reading micrometers; (4) understanding symbols and signs on blueprints; (5) sketching, dimensioning and detailing; (6) shop theory.

The approximate time allowed to each machine follows: power saw, 8 hours; lathe, 72 hours; bench lathe, 4 hours; surface grinder, 24 hours; drill press, 8 hours; bench, 16 hours; cylindrical grinder, 8 hours; shaper, 24 hours; miller, 24 hours; internal grinder, 8 hours; and tool grinder, 4 hours. This schedule, of course, is varied to meet specific needs. For aircraft work, for instance, the student spends the major portion of his time on a lathe, with stress placed on accuracy and finish of work.

The Connecticut experience has been that thoroughly competent beginners may be turned out at an average cost of \$17 per student-graduate; with increased job-training volume, this per capita cost is expected to be further reduced. While the figure does not include the contributions by business and private industry (e.g., wages of instructors lent by private industries), it does include salaries of school supervisors assigned from the state department of education, the costs of power, heat, light, and salaries of janitors and cribmen. Material used is either donated by industry or purchased by the schools.

All applicants for training are interviewed and tested by the state employment service, which makes the selections. Though students are not guaranteed jobs, the graduates have encountered no placement difficulties. The program currently has a capacity of around 1,000 graduates a month, and it is estimated that the number of graduates could be increased to 15,000 annually on the basis of existing facilities. BY B. K. PRICE. *Steel*, August 19, 1940, p. 21:3.

Where New Defense Plants Will Be Built

FOR God's sake, move inside the mountains! The air hazard is becoming more acute every day. Every time I sign a War Department contract, I feel like adding these words as a postscript."

The evening newspapers of Chicago

printed this quotation as part of an interview with the Assistant Secretary of War, Louis Johnson, in that city on March 1, 1939. Twenty-four hours later, the War Department was buried under an avalanche of telegrams and air-mail letters—protests from cham-

bers of commerce in seacoast cities, pleas from boards of trade in inland towns.

The remarks of the Assistant Secretary of War were of course merely suggestive; and, let it be noted, they were made while the air menace to industrial centers was still a subject for academic discussion. Today the hazard to our own seacoast cities from future air attacks no longer seems fantastic. Long-range planning dictates, therefore, that the national defense factor be considered in the selection of new factory sites.

War Department studies have disclosed that, despite America's vaunted prowess in the production field, a serious shortage exists in manufacturing plants adaptable to munitions production in quantity. To meet this shortage, a large program of new plant construction has become necessary.

Wherever possible, industry will be expected to finance the expansion itself. The added demands of the present program, however, are so great that industry could hardly be expected to meet them alone. The risk of putting up a plant that might become a white elephant after an armistice is too great. There must be some governmental aid; and that need is now recognized.

Wherever a plant is expanded by private industry itself, the War Department, of course, can have little say about the choice of site. Where government aids financially, its suggestions might be more cogent. Where it does the building itself, either for use as an arsenal under its own management or

for lease to a private organization on a fee basis, the government's voice would naturally predominate.

In selecting locations for the first high-priority plants in its own construction program, the War Department has therefore made the geographical factor of prime importance. It has decided so far as possible to place its plants in a broad inland area of the country. To minimize the hazard of attack from the air, it has ruled out of consideration a section 220 to 250 miles from the geographical boundaries of the United States. Where the necessities of the situation make it imperative, exceptions will be made to this general policy, but each one will be weighed most carefully.

This "broad inland area of America" has been tentatively subdivided into five areas—*A*, *B*, *C*, *D* and *E*.

Area A includes northern Indiana, northern Illinois, southern Wisconsin and Minnesota, Iowa, thence westward.

Area B includes Ohio, southwestern Pennsylvania, West Virginia, the western portion of Virginia, and eastern Kentucky.

Area C includes southern Indiana and Illinois, western Kentucky, Missouri, eastern Kansas, and thence westward.

Area D includes western North Carolina, northern Georgia and Alabama, and the eastern part of Tennessee.

Area E includes the western part of Tennessee, northern Mississippi, northern Louisiana and Texas, Oklahoma, and westward.

The areas selected are not watertight.

They are merely a guide to distributing munitions plants as equitably and safely as practical. Within each area there will be plants for the production of explosives and powder, ammunition-loading and fuse-loading plants, plants for the manufacture of machine guns and small arms. Integrated areas such as these will minimize the danger of damage to the whole munitions program if one or two are put out of action.

Having satisfied the geographical considerations, the War Department will then proceed to take into account the economic factors, those that any industrialist would take in selecting a site for his own factory. It will consider the availability of power to meet not only the first but also the expanded needs of these new plants. It will take into account the transportation factor as a means not only of carrying the raw material to the factory but also of taking it away in its finished form. River, canal and road facilities, as well

as those of the plane and the freight car, will be considered.

The availability of skilled labor, housing facilities, proximity to sources of raw material, and other economic factors will play their part. Areas already congested will be avoided. Too many munitions plants too close to one another or to other factories would merely duplicate some of the hazards on the coast. Related manufacturing operations will be grouped into the areas as noted, each reasonably complete within itself. Special demands of individual plants, such as abundant water supply for a powder factory, will be accorded due consideration.

The selection of sites in the interior of the United States may have a far-reaching effect on the whole economy of our nation. National defense may become the means of distributing more equitably the industrial opportunities of America. BY MAJOR ROBERT GINSBURGH. *Factory Management and Maintenance*, September, 1940, p. 42:5.

Enforcing the Walsh-Healey Act

ALMOST one-third of all plants thus far inspected by the Public Contracts Division have been found to be in violation of the minimum-wage, overtime or child labor provisions of the Walsh-Healey Act. An additional 14 per cent of all plants inspected have been found to have committed some "non-monetary" violation of the law, i.e., failure to post required

notices or maintenance of unsafe or unsanitary working conditions.

Figures as of July 31, 1940, show that in the four years of the Act's operation 12,228 plants were inspected by public contracts investigators. Of this total, 7,003 firms, or 57 per cent, were found to be in full compliance with the law; of the 5,298 plants found to have violated the law in some respect, approximately 3,525, or 29 per cent of all

firms inspected, were guilty of minimum-wage, overtime or child labor violations.

The success of the Government in obtaining voluntary settlements on the part of delinquent employers is apparent from the fact that, by July 31, only 89 of the 5,298 violation cases ever reached the stage of formal hearing before an official of the Public Contracts Division. All other instances in which violations were found, except for pending cases, were either settled immediately in the field or closed after the employer remitted wage restitu-

tions and liquidated damages found to be due, in response to a "collection letter" from the Washington office of the Division.

A selective system of inspections concentrates on past violators, and little attention is paid to companies having union agreements calling for standards equal to or above those in the law. Nevertheless, in 1939 approximately 43 per cent of all plants receiving Government contracts in excess of \$10,000 were visited by Government inspectors. *Wage and Hour Reporter*, September 9, 1940, p. 383:2.

Trends in Women's Wages and Employment

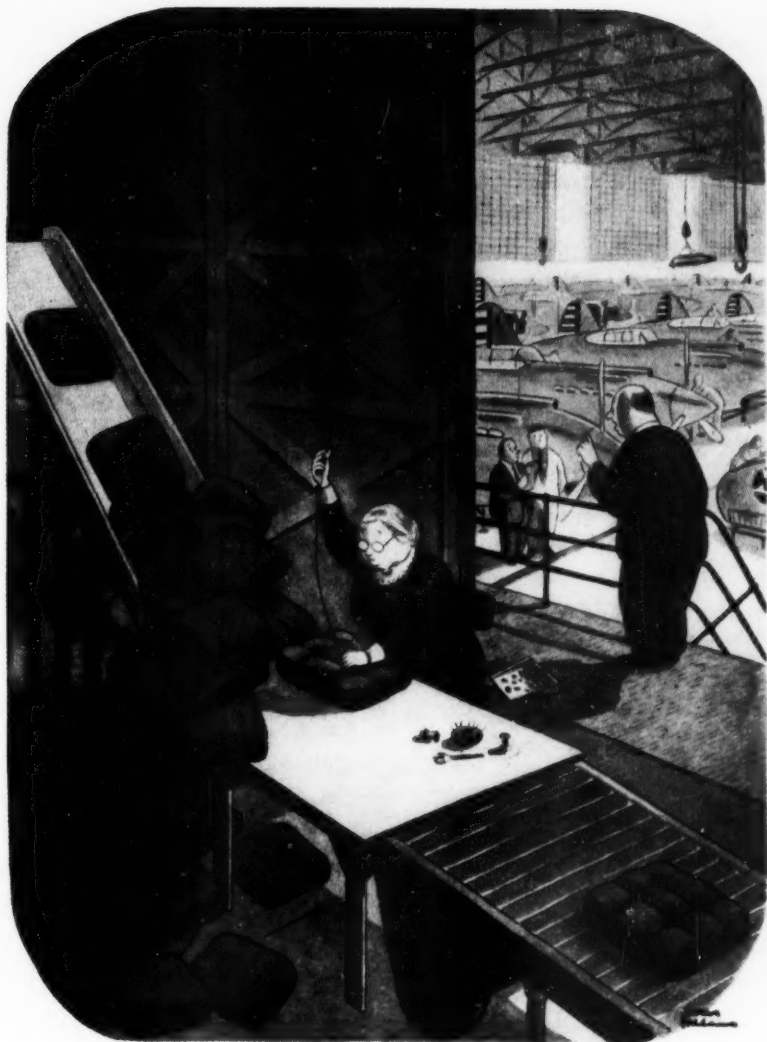
ACCORDING to payroll data covering more than 372,000 women in 22 industries, women's employment in manufacturing increased about 2% from Spring, 1939, to Spring, 1940.

Percentage increases in employment of women in some industries were as follows: electrical machinery and supplies, 23%; glass and pottery, 18%; hardware, 12%; auto tires and tubes, 8%. In some other branches of manufacture, employment of women decreased, as for instance: boots and shoes (rubber), 20%; hosiery, 16%; silk and rayon, 15%; woolen and worsted, 12%.

In March, 1940, women's hourly earnings averaged 47 cents in the major woman-employing manufacturing industries, an increase of 3% from March, 1939. Hourly earnings had increased in the great majority of the industries reported. Increases at the bottom of the wage scale resulting from the 30-cent minimum required under the Fair Labor Standards Act undoubtedly had an important influence in pushing up the hourly averages.

In some industries women's weekly earnings advanced considerably; in others they declined. However, a net gain is indicated, since the increases in earnings were greater than the lengthening of hours. Further, in almost all industries where week's earnings had declined, hours of work had decreased more than wages. The average of women's weekly earnings in the total of the manufacturing industries reported in March, 1940, was \$15.91. Lowest weekly average for men in March, 1940, was \$16.05 in cotton mills, but women's earnings averaged less than this in 14 of the 22 industries covered.

—*The Woman Worker* 9/40



"Can you step up here just a moment, Mr. Hodgins? I think I've found your bottleneck."

—Courtesy of *The New Yorker*

AMA PRODUCTION CONFERENCE

The Fall Production Conference of the American Management Association will be held on Tuesday and Wednesday, November 12-13, at the Hotel Cleveland, Cleveland.

Marketing Management

Conscription and Retail Credit

CONSCRIPTION of men from 21 to 35 to serve in the armed forces of the United States for one year's training will have an unimportant effect on instalment sales operations and contracts of retail stores, according to the Credit Management Division of the National Retail Dry Goods Association.

Considerably less than 1 per cent of the total number of existing instalment contracts in the department store field would have been effected by the moratorium on instalment obligations under a conscription program limited to men from 21 to 31, and this figure has not been materially increased by broadening the age group from 21 to 35.

It is interesting to note that credit authorities in other retail lines have also held that the effect of the enacted draft would be negligible, and that it did not justify any radical departure from established credit policy.

Although the Soldiers' and Sailors' Civil Relief Act protects all those called to the colors under conscription, it also seeks to make the consequent result of the moratorium on credit grantors as light as possible and permits them redress in cases of abuse. An important provision of the law, as far as credit grantors are concerned, is that the instalment contract of a draftee may be altered or canceled without

court action if both parties or their assignees agree in writing.

Other points in the law of special interest to retailers include the following:

1. Where the law postpones a conscript's obligation, his guarantors are similarly protected.

2. The law does not apply to contracts made with individuals already in the armed forces at the time the contract is signed.

3. No special clause which a credit grantor might insert in the contract will serve to nullify the law. An instalment debtor who is subsequently drafted will receive the full protection of the law regardless of what his instalment contract says.

In many instances retailers will probably be able to come to an equitable agreement with draftees by taking back the goods and releasing the customer of any further financial obligation. Stores may also be able to encourage relatives and friends of the draftee's family to help him liquidate instalment contracts.

There seems to be no doubt among executives of trade associations, department stores, furniture stores, etc., that a greater degree of selectivity will henceforth have to be employed in the acceptance of new risks coming within the age classification of the act. Three courses have been suggested as open with regard to young couples: (1)

larger down payment; (2) shorter contract term; and (3) blanket refusal to sell. The third proposal seems to have been dropped, at least from preliminary consideration. One time-payment store executive intimated that it would be only a final line of defense

to be fallen back on in the highly improbable event that losses on draftees rise too quickly. The first two proposals seem to be the most likely to be carried out on a wide scale. *The Retail Executive*, September 25, 1940, p. 7:1.

Cuts Auto Costs to \$.0308 Per Mile

CAREFUL cost accounting, systematic record-keeping, and a set of definite rules and policies governing the operation of salesmen's cars have established for the International Salt Co., Scranton, Pa., an unusually fine record of economy in the operation of the company's fleet of automobiles used for sales work.

Cost per mile, with depreciation, for 202 cars and trucks operated for a total of 3,010,014 miles during 1939 was \$.0308. (Cost for 197 cars and trucks operated during 1938 for approximately the same mileage was \$.0327.)

Realizing that most salesmen favor one or another of the three best-known low-priced cars, the company gives each man the choice of driving a Ford, Chevrolet or Plymouth. All (except the trucks) are two-door sedans, since these models have the best trade-in value. Majority of the cars operated last year were Chevrolets, and they, among the three, showed the lowest per mile operating expense.

No car is driven for more than 40,000 miles, or for longer than a period of three years. If a car is in-

volved in any type of accident more serious than a bent fender, it is traded in immediately.

Each salesman makes his own trade-in deals in his own territory. Both the district manager and the home office check on the allowance being made for the old car, and other terms of the deal, before it is made.

The rule on use of cars for personal and family driving is: The salesman may use the car all he cares to for trips other than those made on business, provided he pays for the gasoline and the garage. Since many of the men are able to garage the cars on their own premises, or can buy storage facilities for \$5 or \$6 a month, this makes the arrangement economical for both the company and the man.

International Salt cars are at all times subject to inspection by the district manager or the home office. The cars must be kept thoroughly clean—there must be no muddy wheels or bent fenders or defective headlights.

At the home office every individual car is budgeted for each year. A series of standard forms and records is used to control the fleet and every item of

expense involved in the operation of it.

At the beginning of the year, each salesman is given a budget sheet made up by the district manager and approved by the home office. This estimates all routine field expense (salary, hotel and meals, telephone and telegraph, entertainment, etc.) and all auto expense. The latter item is broken down into estimates of storage costs, repairs, tires, gas and oil, depreciation, insurance, and miscellaneous auto expense.

Salesmen file expense accounts once a week. Speedometer readings at the beginning and end of the week are recorded. From the salesman's reports, the home office posts a month-by-month record of auto costs for each car. When totals are drawn and compared with the budgeted expense for that car, the sales manager can easily see whether expenses are out of line, and, if they are, can query the salesman as to the cause. *Sales Management*, October 10, 1940, p. 36:2.

Hotel Credit Cards

CONTINENTAL Hotel Service Co., Chicago, newly formed, offers a system of controlling traveling expense accounts. Under the plan a corporation may turn over handling of all hotel expenses for its sales and executive staff to Continental.

The latter issues to company employees coded credit cards entitling them to charge—up to specified amounts—such items as rooms, meals, laundry, telephone calls, etc., while on company trips. At the end of the month Continental furnishes the company with itemized statements and acts as a clearing house between the hotel and the company.

Traveling men cannot take a cheaper room and bill the firm for a higher-priced one, nor chisel in any other way with this system. Since in most cities several hotels will be using the plan, a salesman may live at one and eat at any of the others if he wants to avoid monotony.

Hotels profit because the credit cards bring them business that might go to tourist camps, restaurants, bars, etc.

According to William N. Hantzis, Continental v.-p.: "Credit cards cover all expenses except petty cash and transportation. Negotiations are now under way to include railroad and airline transportation."

—*Sales Management* 9/15/40

► **SALESMEN** of manufacturers and wholesalers wheel their automobiles over U. S. streets and highways for an estimated annual expense totaling \$270,000,000. Of this, \$110,000,000 is rolled up by company-owned fleets, \$160,000,000 by salesmen's own cars. According to R. E. Runzheimer, who has been blazing a trail in the scientific determination of salesmen's car allowances, one man in 10 is fairly paid under the usual method of flat mileage allowance; one is seriously underpaid; and eight are seriously overpaid. Average overpayment in a fleet of individually-owned cars operating on the prevailing 4c-per-mile flat rate is said to be around \$125 per car per year.

—*Business Week* 10/5/40

How Salesmen Lose Time

A RATHER interesting check on how 255 salesmen in a wide range of businesses spend their time has just been completed by the Dartnell Sales Service.

The survey indicates that, on an average, salesmen work 9.9 hours a day. The shortest day reported was by salesmen selling to banks, where the average was 5 hours. The longest day—salesmen selling to retailers, with the average of 11.1 hours. Next longest working day was in the house-to-house field, where the salesmen average 10.5 hours' work a day.

One of the surprising things uncovered by this check was that time spent by salesmen in planning their day's work, digging up leads, and gathering facts and data for interviews averaged 1.6 hours, or 16 per cent of the total working time. Salesmen calling on jobbers, engineers, executives and undertakers spent more time in planning their sales than those in other classifications.

Time spent between interviews averaged 4.7 hours, or almost 40 per cent of the working day. About one-half of this non-productive time is used in getting from place to place. (The actual average figure was 2.1 hours.) The highest averages for traveling were reported by salesmen selling to farmers (3.9 hours), salesmen selling to retailers (3.1 hours), and salesmen selling to doctors (3.0 hours).

The largest loss of time waiting to see buyers was reported by salesmen selling to jobbers (2.3 hours) and salesmen selling to public service companies (2.2 hours). The average time spent for luncheon was .7 hours.

Time spent in actual selling averaged 3.6 hours a day. About half of that time (1.7 hours) is used to demonstrate the product or in showing samples. Slightly less than one hour (.9 hour to be exact) is spent in extraneous discussion not directly bearing on securing an order, and .8 hour is spent in closing arguments and getting the order signed.

The need for better management of salesmen's time is implicit in these findings. They suggest to sales managers that thought be given to methods of salvaging at least some of the time now lost in unproductive activities.

—*News Letter*, Dartnell Sales Service 10/12/40

Smile Clinic

IN New York, Jay B. Iden, a well-known stage director, has collected some handsome fees from large employers of salesmen just to teach them how to smile.

In the case of one large Sixth Avenue store, he took the salespeople one by one and rehearsed their best smiles. He then criticized their manner of smiling, pointed out glaring errors, and very often greatly embarrassed them. Many thought they knew how to smile. But Mr. Iden convinced them what they thought were smiles were only smirks.

"The difference, almost infinitesimal," he said, "lies in the eyes. In a true smile the eyes also smile. In a smirk only the mouth smiles." After two weeks of training, the men went out of the smile clinic and in three months increased sales 15 per cent.

—The Dartnell Corporation

Financial Management

A New Frontier for Accounting

THE great new frontier for accounting lies in accounting for distribution costs. This has been made increasingly apparent by surveys which have shown distribution absorbing as much as 59 per cent of our total income.

Passage of the Robinson-Patman Act made the general need for better accounting data for sales operations more pressing. It is illegal to offer differences in price to different customers under this act unless the seller can affirmatively show the price differentials to be justified by variations in the cost of serving them. Such evidence can rarely be offered with the accounting now available.

Scientific sales management requires from the accountant statements showing just what it costs to sell the several different products of a line. Distributors now have only a knowledge of the total cost of selling all their products. Any practical business man knows that it takes more advertising, more promotion, more freight, more warehouse expense for some articles than for others, but he cannot tell how much more. And until he can, he has no knowledge as to whether he has made or lost money (and how much) on any single product of his line. Would it not be wise to try to find the unprofitable products, find why they are unprofitable, and either adjust marketing methods for them or elim-

inate them from the line if they are not essential to the maintenance of a profitable volume for other products?

The accountant should render a profit-and-loss statement in detail for each product. Then the sales manager may judge the reason underlying the loss or profit and use his information to render loss products profitable and increase the profits of others. He may go further, too, and group his products by departments, by brands, or by price lines, and learn much about the factors which seem to contribute to loss or gain. He can compare advertised with unadvertised articles. He might even compare profits on articles differing in style or design, in size, in quality, or in any other characteristic.

Classification and reclassification of the statements for individual products by gross margin, by source of supply, or by any of a great variety of methods offer the nearest possible approximation to laboratory testing available to sales managers. Differences in profit as between various classes of products cannot be positively ascribed to the difference which is the basis for the separate classification. Nonetheless, if the products compared are at least reasonably similar in all other respects, it is very likely that the difference leading to separate classification is responsible for the divergent profits.

If the profits on one line of products, for example, are substantially less in

percent of sales than the profits on some other line or lines, the difference in profit is likely to be the fault of the product line. But this is only a likelihood. Not until the comparison is made with other lines which have approximately the same mark-up, which are given approximately equal promotion, and which are similar in every other significant respect, can one definitely attribute a difference in percentage of profit to the line itself.

Customers differ in frequency and size of order, in speed of payment, in distance from the shipping point, and in many other respects. It is the accountant's task to make clear the variations in cost attributable to different customers or customer types. Only then can the sales manager intelligently formulate plans to convert customers who are unprofitable into sources of future gain.

The statements for individual customers may be added together to permit comparison of customer types. The total profit from customers in one territory may be compared with the profit from customers in another. The profit showing of different channels of distribution can be found. Classification may be extended to comparison of customers of different size, of different credit rating, or to customer groups differing in any significant respect.

The sales manager also needs reliable data to show which expenses vary with order sizes and which do not, and he wants a picture of the extent of variation. He can see then which expenses are out of line when orders are small, and by directing his attention to them

he may find many ways of reducing small-order costs.

It is up to the accountant, if he is to make his full contribution to the improvement of marketing efficiency, to separate the influences upon cost of (1) policies, (2) labor efficiency, (3) plant utilization, (4) operating routines, and (5) financial strength or purchasing power. Each of these five factors must be measured separately. Only *standard* costs of distribution, costs which would exist if labor were completely efficient, if the plant were fully utilized, if the routines were the best possible for the job to be done, and if the company employed its purchasing power to its best advantage, may be allocated to products, customers, and so on. Only when it becomes clear that, even under conditions of standard operating efficiency, certain products or customers are unprofitable or less profitable than they could be, is management really justified in altering its sales policies or in eliminating the customers or units of sale showing the loss.

Highly successful beginnings in this field of accounting have already been made by the H. S. Dennison Company, by the National Wholesale Druggists Association, by the Department of Commerce, and various other companies and agencies. The results to be obtained are so significant, so essential to the advancement of efficient marketing, that they will repay most concerns many times the cost of developing or adapting the necessary techniques. By D. R. LONGMAN. *The Journal of Accountancy*, September, 1940, p. 232:6.

Insurance

Insuring Your Construction Program

CONSTRUCTION activity in its very nature is perilous and costly. To be safely and yet economically insured calls for expert insurance advice.

For instance, there are various ways of insuring property against loss by fire while under construction. Some methods are better than others, some less costly.

If it is just a single dwelling of moderate value which you have to insure while being put together—you just buy an ordinary fire insurance policy, at the usual completed dwelling-house rate, and then have the policy endorsed with “permission to complete” and increase the amount of insurance as the dwelling is erected. But if the property to be insured is other than a modest home—say a cluster of dwellings, a school, or a factory, or any construction of around \$20,000 or more in value—a “reporting” builders risk policy or a “completed value” builders risk policy might be purchased.

Under the “reporting” builders risk fire insurance policy, a limit of liability is inserted, this limit representing the total value of the project undertaken. Protection is automatic in that the policyholder is at all times protected up to the limit provided in the contract. He pays no deposit or initial premium. Instead he reports the

values as they accumulate at the end of each month, paying for the insurance as it grows, but only on a monthly basis, yet having full protection at all times, especially in the event that the values are greater at the time of a loss than those previously reported.

Under the “completed value” builders risk policy, the monthly report feature is eliminated and, in substitution, 55 per cent of the regular builders risk fire insurance rate is applied to the total estimated cost of the construction undertaken. The builder pays his premium when the policy is issued.

Shrewd contractors and builders seem to favor the *reporting* policy, realizing that the values might average less than 55 per cent of the total completed construction cost. A plain building where the initial values are low, and only the final trimmings expensive, might average better than 55 per cent of the final or contracted cost, whereas an ornate building could average more than 55 per cent by reason of the substantial values at the start. If a building is delayed by strike, the insurance still has to be continued. The timing factor is an important element in arranging for fire insurance.

In computing the values to be insured under any form of builders risk, premium costs can be reduced if found

dations are excluded. Seldom are they severely damaged by fire. However, most fire insurance builders risk policies have (or should have) an "extended coverage endorsement" attached, which provides additional insurance against the perils of tornado, hail, riot, explosion, aircraft and motor vehicle property damage; sometimes vandalism and sabotage insurance. Separate earthquake insurance policies or even war risk insurance may be carried. In such cases, to insure the foundations might be wisdom, as the crashing of weighty materials could smash the foundations.

Contractors' values represented in motor trucks, or machines, or equipment which may be otherwise specifically insured such as contractors' equipment, are usually covered under "all risk" floater insurance policies. These values should be subtracted from the sum representing the fire insurance you are paying for.

Another premium economy feature which has not been considered sufficiently is *timing the expiration* of the fire insurance with the completion of the construction. Assume that a building is estimated to be completed in 18 months. Most contractors and building operators would accept a fire insurance policy issued for one year and then renew that policy for the second year, but cancel the insurance at the end of the sixth month during the second renewal year when the construction is completed. Frequently such a cancellation is on a short-rate or premium-penalty basis. This can often be avoided by obtaining a builders risk

fire insurance policy issued for 18 months, or the estimated number of months to complete the erection of the project. Not only will this obviate a premium penalty; it will reduce the premium cost, as fire insurance policies written for longer than one year may be written at 75 per cent of the annual premium for the second year.

In some states permission is given to endorse extending a one-year fire insurance builders risk policy for a short time beyond the expiration of the policy on a pro rata charge basis. The matter of pro rata or short-rate cancellation privilege on fire insurance builders risk policies is something everyone having the responsibility of building construction should go into with his insurance agent.

Liability insurance is one of the "must" coverages for anyone assuming construction responsibilities. Such policies are not uniformly standardized, and the breadth and implications of each accepted contract should therefore be carefully analyzed. For instance, some liability insurance contracts exclude payment for accidents involving the use of elevators and hoists.

Definitely determine that your liability insurance policy covers you not only at the location where the construction is being pursued but at other locations as well. You may own building material stored elsewhere, or maintain an office with a supply yard, or have lumber and stone out being processed. And don't forget that any *assumed* liability is never *automatically*

covered under ordinary liability insurance policies.

The installation of equipment by manufacturers—e.g., mail conveyors, safes, réfrigerators, fountains—is sometimes insured under “installation floaters,” a handy instrument of protection wherein the equipment is covered from the time it leaves the factory until completely installed but not thereafter even if the building is unfinished. Check and find out whether you are liable for such equipment, or whether

it is covered under a floater, so that you can deduct the values in arriving at your amounts to insure.

Bid and performance surety bonds are “must” coverages, also workmen’s compensation and other miscellaneous financial covers. For those directing the creation of tunnels and bridges, “all risk” builders risk policies, including insurance against perils such as collision, flood, earthquake, are available. BY CLARENCE T. HUBBARD. *Barron’s*, September 2, 1940, p. 9:1.

Insuring Against Sabotage

DURING the World War American production for the Allies was injured to the extent of \$150,000,000 by sabotage, even before America became directly involved in the hostilities. It would be a fallacy to presume that certain belligerents in the present war are not actively interested in the interruption of America’s defense production, including secondary defense industries like utilities, food industries, etc. While the farsighted business man will take every possible step to prevent damage to his property from the activities of saboteurs, the importance of sabotage insurance should not be underestimated. “Broad Coverage” vandalism policies, for instance, cost \$0.25 to \$0.50 per \$100 insurance by 50 per cent coinsurance; strike and riot policies cost between a maximum of \$0.90 per \$100 for explosives to \$0.08 for food and beverage risks.

—Research Institute of America

AMA INSURANCE CONFERENCE

The Winter Conference of the Insurance Division of the American Management Association will be held on Thursday and Friday, December 5-6, at the Palmer House, Chicago.

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Distribution of Dealer Helps

Question: What procedure should a manufacturer follow to make certain that retailers use dealer help material (e.g., window, counter, shelf or floor displays) for a sufficient length of time to justify its cost?

Answer: To secure maximum use of dealer helps, such material should be adapted to the dealer's needs and aim at increasing his sales, according to replies received in a brief survey of 14 representative concerns that have devoted considerable thought to the problem. Factors mentioned by the 14 respondents as important are as follows:

1. Correct size, design, etc.
2. Attractiveness
3. Functional use—e.g., holding merchandise, carrying instructions to the consumer
4. Quality equal to that of the stores' own promotional material

Dealer helps designed to fit into a unit display plan or keyed to a premium offer were declared to be especially effective.

Distribution and follow-up of such material may be accomplished in a number of ways:

1. Dealer helps are explained by salesmen
2. The material is placed by salesmen in stores
3. Its use is followed up by salesmen
4. Its delivery is checked on by salesmen
5. Salesmen assist in setting up displays
6. Orders for dealer helps are received only through salesmen and shipments are made directly to individuals giving the orders
7. Division office selects accounts to receive helps
8. Purchases are tabulated and distribution made on basis of sales
9. Material is sent only where requested by person with authority to see that it is used.

Eight of the 14 concerns make no charge for dealer helps. One of these distributes specific items with certain size orders, and one sells fixtures which become a permanent part of the store setup. The policy of making no charge is based on the principle that "what helps the dealer helps the company."

The remaining six companies make a charge for the material. This policy is based on the belief that if a merchant invests his own money he will be more likely to use the helps properly; in some cases, too, it is felt that the charge prevents indiscriminate distribution of large amounts of material, especially of the more expensive items.

Charges are made under the following circumstances:

1. On additional amounts of material where initial amounts are free
2. Part charge on special pieces, expensive mechanical devices, etc.
3. Half cost on a direct-mail campaign
4. Dealers subscribe to display "service" and pay small annual fee
5. Store pays incoming transportation charges on itinerant displays
6. Advertising novelties are sold at cost price.

In one case where charges are made for dealer display material, the company is dissatisfied with the distribution which has resulted from this policy. However, the use made of free materials in the past has been so disappointing that the present method is preferred.

Another concern has been experimenting with dealer promotional material for several years and has instituted a variety of plans, including a direct-mail campaign which is made available to dealers on a 50-50 cost basis. This campaign consists of 10 to 12 mailings annually over the dealer's name, with all handling, including mailing, being taken care of by the dealer. The company also provides folders, booklets and blotters for use as monthly statement enclosures and, on special occasions as hand-out material; also banners, window displays, island displays, advertising novelties, and a comic weekly. The last item has been notably successful.

A letter expressing the viewpoint of those who make no charge for dealer helps follows:

"In our drug store department, the point-of-purchase material is a part of the whole sales program. We sell direct to the retail druggist, and in so doing we invariably look ahead to the subsequent resale. We feel that it is of little benefit to us in the long run to load the druggist up, and our best opportunity for continued sales results through the drug trade lies in reselling the products to the consumer.

"In line with this theory, in addition to extensive advertising on all our major products through regular advertising media—such as newspapers,

magazines and radio—we offer the druggist a plan for a store window or sale based on a tie-up with display material. In some cases, this plan may be tied up with a premium or gift to the consumer. Where this is so, all the point-of-purchase material—e.g., window displays, counter displays, store pennants, etc.—features this offer, and displays of the various products are incorporated in the plan. At other times, the plan may be based merely on the appeal of a sale and be tied around some such central theme as 'Low Price Sale.'

"We have found an excellent reception to the use of this material because it proves of definite advantage to the retail druggist. It enables him to increase his sales, and this in turn benefits us. The display material is shipped with the merchandise to him direct, and in most cases it is put up by the dealer himself. In a number of the larger cities, we have special display men who follow the delivery of the order and assist the druggist in installing his displays."

Another company which makes no charge for dealer helps states:

"We distribute displays only to stores which order them through our salesmen, and they are marked on each order. When we send them out we direct them to the attention of the proper individual and not to the store itself. With the related program we have laid out for him, he can coordinate the displays with the merchandise. These displays are tied up to specific merchandise, and thus the salesman can check on their use.

"We also utilize some large displays for which windows are booked several weeks in advance."

Effects of Unionization on Personnel Management

Question: Has any attempt been made to assess statistically the general effects on personnel management of the establishment of collective bargaining?

Answer: The only attempt to secure statistics on this subject which has come to our notice is a survey made by the 1940 class in personnel management at the University of Toledo under the direction of Donald S. Parks.

This study covered approximately 550,000 employees in 49 nationally known companies, of which 60 per cent are in the Middle West. While the number of concerns is limited and the results must consequently be regarded with caution, some interesting facts have been brought to light.

Thirty-nine of the companies queried reported that they employ full-time personnel managers; the sample would thus seem to be representative of companies in which personnel work is well established. Thirty of the companies are 50 per cent or more unionized, eight reported unionization under 25 per cent, and eight did not know the percentage.

The survey sought to determine the numerical effect of collective bargaining on the following: devices used for selection, absenteeism and tardiness, labor turnover, length of training period, safety programs, medical services, recreational activities, and employee benefits. No increases or decreases of these were noted by from 70 to 90 per cent of the companies.

Among those who did report change, some interesting correlations with the degree of unionization were observed. Of the nine concerns showing decreases in labor turnover, all were over 50 per cent unionized and seven over 75 per cent. All seven companies which reported an increase in safety programs were over 75 per cent unionized.

Only five of 46 concerns hire through the union, and 42 out of 48 still maintain their own employment office. Selection of the working force thus remains primarily a management prerogative.

The problem of employee training does not seem to be affected greatly by unionization. In response to the question, "Does hiring a union man make your training methods more extensive?", 36 out of 39 reported no change.

To the question, "What do you believe to be the long-run effect of the widening scope of unionism on personnel management?", one respondent stated: "Will require increased emphasis on detailed employee records, improved employee selection and grading methods, and broadened training for supervisory personnel." This appears to be a logical assumption and perhaps indicates that longer experience with unionism in the companies surveyed may result in a good many changes in personnel techniques, especially where these are not well developed.

Characteristics of Partnerships

A PARTNERSHIP, three chances out of five, is a small concern with a net income of less than \$5,000, according to a study by the U. S. Department of the Treasury. Two of every five partnerships are engaged in trade, most probably in retailing. Next to trade, partnerships are most frequent in a wide range of business and professional activities, such as law and advertising, hotels and laundries, motion picture theatres, and automobile service stations. Financial concerns, including brokers, security dealers, real estate men, lessors of real estate property, and insurance companies are next on the list, and manufacturing and agricultural enterprises are also numerous.

In many industries, 75 per cent of the partnerships reporting net incomes have incomes of less than \$5,000: low net incomes are particularly numerous in retail trade, domestic and personal service, automobile repair, real estate, and farming classifications. Incomes above the average for all industries, on the other hand, were noted for many wholesale trade establishments, most branches of manufacturing, and the motion picture industry.

—Dun's Review 10/40

Survey of Books for Executives

Security Analysis: Principles and Technique. By Benjamin Graham and David L. Dodd. McGraw-Hill Book Company, Inc., New York, 1940. Second edition. 851 pages. \$5.00.

Those who possess a working familiarity with principles and methods of selecting stocks or bonds for investment portfolios, small or large, will find in this 851-page textbook a great deal that is challenging or stimulating—plus a great deal that is already familiar.

The reader who has never developed for himself a carefully worked out investment program, who does not consider himself expert in comparing one stock or one bond with another in order to determine its desirability for his program, should find the book both highly interesting and practical. It is by no means a 15-minute-a-day key to success; its chief value to this type of reader will be not in what the authors tell him to do but in what he may learn to do for himself after reading and thinking about the approaches they suggest and the techniques they illustrate.

In the American Management Association, a third class of readers may

find of even greater interest certain sections of Mr. Graham's and Mr. Dodd's elaborate text. This third group will be made up of treasurers and others responsible for financial and accounting policies of corporations. For instance, in giving to the prospective investor certain cues about watching out for misleading details in income statements, the authors indirectly show how the best-intentioned treasurer in the world may quite innocently issue statements that are misleading in some detail, if he does not recognize certain implications of his accounting.

Incidentally, prospective readers of this work should know that the authors' definition of *security analysis* limits the book to helping the reader with problems of what stock or what bond to buy, definitely avoiding the important question of "When?" The answer to this latter question they consider to be a matter not of security analysis but of "market analysis." In commenting upon possible approaches to the problem of when and when not to buy securities, they set up a straw man and knock him down. That is to say, they choose certain well-known over-simplifications such as the Dow theory and come to the conclusion that,

because in their judgment these approaches are not scientific, no scientific approach is possible, which in itself is an unscientific conclusion.

Reviewed by Chapin Hoskins.

Wartime Control of Prices. By Charles O. Hardy. The Brookings Institution, Washington, D. C., 1940. 216 pages. \$1.00.

As the United States launches a 15-billion-dollar military defense program, one of the most vital questions that comes up for immediate consideration is whether a price inflation similar to those of former periods is in the offing. It is to be wondered whether methods of financing the program can be devised to prevent a repetition of the past.

In discussing these questions, this volume provides a comprehensive and illuminating background of pricing and fiscal problems in a wartime economy. It considers specifically, for example, such questions as: What factors tend to create price disturbances in the initial stages of a war? Does price inflation tend to expedite or to retard effective mobilization for war? How does price inflation affect the distribution of the war burden among the various groups in society? Is it possible to finance a war entirely from taxes and from loans paid out of current income? What steps are necessary to control prices?

The author's conclusion is that a serious inflation of prices in time of war can be prevented. He believes

that the explanation of the great price inflations of past wars is to be found in part in an unsound fiscal policy, in part in the unrestrained use of the competitive price mechanism as a means of bringing about war mobilization, and in part in the adoption of faulty principles of price control when the necessity for control was finally apparent.

Employment and Agency Agreements. By Saul Gordon. Prentice-Hall, Inc., New York, 1940. 548 pages. \$6.00.

This book furnishes a comprehensive collection of forms of agreement covering employment and agency relationships. The author states that he has used two sources for the forms: first, cases on which court decisions have been rendered, as a result of which such forms bear the sanction of judicial construction; second, "the successful labors of attorneys whose ability and skill lend authority to their work."

The forms presented deal with constantly recurring problems of present-day business. For example, the compensation of executives and others who hold important positions no longer is limited to the payment of mere salaries. Thus numerous forms have been included in the volume that provide not only for the payment of salaries, but for means of additional compensation such as bonuses, commissions, royalties, shares of profits, shares of stock, and stock options.

Again, much difficulty, expense and litigation frequently result from the failure of employers properly to provide for their rights in inventions made by employees, or for the effect of the illness of employees on contracts of employment, or for safeguarding of the employer's goodwill and trade secrets when the term of employment is over. These and similar problems are adequately covered.

The section on employment agree-

ments covers: employment on a commission basis, profit sharing, salary, salary and commission, salary and royalty, salary and stock, assignment of wages, destruction of office or plant, etc. Under agency agreements are included: exclusive agent on a commission basis; non-exclusive agents; agreements with attorneys, with distributors, with independent contractors, with real estate brokers; powers of attorney; proxies; miscellaneous forms relating to agency.

Briefer Book Notes

THE ROAD TO A SALE THROUGH PERSONAL EFFICIENCY AND SALESMANSHIP. By Perry B. Arnold. The Arnold Book Company, Los Angeles, 1940. 263 pages. \$2.50. The third edition of a book of the "inspirational" variety for the specialty salesman. Slogan- and story-filled, it approaches the job of making a sale from the standpoint of the individual's preparedness. Contains pithy anecdotes and pointed wisdom calculated to rouse the drooping salesman.

NEW ADVENTURES IN DEMOCRACY. By Ordway Tead. Whittlesey House, New York, 1939. 229 pages. \$2.00. A study of democracy in various contemporary American institutions. Mr. Tead, whose brilliant books, "The Art of Leadership," "Creative Management," "Personnel Administration," are known to thousands of executives, considers democratic processes in relation to: colleges, education, public service, labor unions, government, etc.

HOW TO APPLY MODERN MAGIC IN ADVERTISING. By E. W. Elmore. Pepperdine Foundation, Los Angeles, 1940. 86 pages. \$1.00. General, brief, easy-to-read introduction to advertising. Treats superficially, yet helpfully, various how-to-do-its of the advertising art. For the amateur advertiser especially this little book has a lift.

WE PRESENT TELEVISION. Edited by John Porterfield and Kay Reynolds. W. W. Norton & Company, Inc., New York, 1940. 298 pages. \$3.00. A report on the advances that television has made to date. A group of authorities on various phases of the new art describe television in action—its technique, the program, the director, the actors, the newsreel, etc.

FINANCIAL SECURITY IN A CHANGING WORLD. By Merryle Stanley Rukeyser. Greenberg, Publisher, Inc., New York, 1940. 272 pages. \$2.50. Mr. Rukeyser here examines the factors that must be watched to enable the prudent man to maintain financial equilibrium.

WAGE DIFFERENTIALS. By Carrie Glasser. Columbia University Press, New York, 1940. 169 pages. \$2.00. A study of the persistence of differentials in wages among workers of similar skills in various industries and geographical sections of the United States. Differences in both rates of pay and annual earnings are considered. An attempt is made to set out systematically the factors that account for the differences found.

MANUAL OF MERCHANDISE TRANSPORTATION. National Retail Dry Goods Association, New York, 1940. 169 pages. \$3.00 to members; \$5.00, non-members. A valuable reference work on retail traffic control for store owners, controllers and managers. Covers: routing, expediting shipments, payment of transportation bills, weighing incoming shipments, loss or damage claims, auditing transportation bills, transit insurance, demurrage and storage charges, marine insurance, freight classification, freight tariffs, etc.

HELPING PEOPLE BUY. By Eugene Whitmore. The Dartnell Corporation, Chicago, 1940. 254 pages. \$2.50. A book for the salesman who is wondering what his future will be in a selling career. It stresses selling as a means for able men to win fortune and lasting success, and contains short accounts of salesmen who made good and went to the top in great industries. Offers helpful suggestions for improving salesmanship.

THE MARKETING OF DRUG PRODUCTS. By Paul C. Olsen. Harper & Brothers, New York, 1940. 309 pages. \$3.00. This book applies sound marketing principles to the special problem of marketing drug products. Covers every phase of the subject from packaging to price control in wholesale, retail, chain, department, variety and independent drug stores. A practical, comprehensive manual.

DIRECT-MAIL ADVERTISING AND SELLING. By Frank Egner and L. Rohe Walter. Harper & Brothers, New York, 1940. 215 pages. \$3.00. A practical how-to-do-it book by two well-known direct-mail specialists. Tells, among other things, how to build and maintain a mailing list, what to put into a mail campaign, how to write a direct-mail campaign, how to plan a sales-letter series. A special chapter deals very helpfully with direct-mail case histories from various fields.

GOODWILL LETTERS THAT BUILD BUSINESS. By William H. Butterfield. Prentice-Hall, Inc., New York, 1940. 300 pages. \$3.50. A volume devoted to the study of business letters that are intended to cultivate friendly relations rather than sell merchandise. These are the letters that offer an unexpected helpful service or thoughtful courtesy. The book is replete with good suggestions and advice about such letters.

WRITING THE TECHNICAL REPORT. By J. Raleigh Nelson. McGraw-Hill Book Company, Inc., New York, 1940. 373 pages. \$2.50. A lucid and thoroughly helpful examination of the problem of writing a technical report. Offers valuable guidance to the executive and the student who must prepare such reports. The contents cover: design and composition of the report, setup of the report, procedure for examination of the report, and assignments for those who wish to use the volume as a text.

THE REAL DANGER IN OUR GOLD. By Harry Scherman. Simon and Schuster, New York, 1940. 82 pages. \$1.00. A pamphlet for the puzzled populace on the gold mystery. The man who penned "The Promises Men Live By" reveals to the layman that beneath the razzle-dazzle of current politics and patriotic fervor lies a golden time-bomb which will one day blow us into sky-high inflation.

THE VOLUME OF CONSUMER INSTALMENT CREDIT, 1929-1938. By Duncan McC. Holthausen, M. L. Merriam and Rolf Nugent. National Bureau of Economic Research, New York, 1940. 137 pages. \$1.50. This book presents annual and monthly estimates of the quantity of consumer instalment credit over a 10-year period. Deals with: retail instalment credit, cash loan instalment credit, estimates of retail and cash loan instalment credit combined, instalment credit in relation to income payments.